



The Deficit Reduction Act is Needed to Reduce Spending That is on Autopilot

Fact: Automatic spending, excluding interest on the debt, now represents 56 percent of all federal spending. *Left unchecked, that will grow to more than 62 percent in 10 years.*

Fact: Accelerating spending in several of the largest entitlement programs is on the verge of overwhelming our economy's ability to pay for those benefits as the Baby Boom generation begins to retire in 2008.

Fact: The Deficit Reduction Omnibus Reconciliation Act of 2005 will result in savings of *\$39.1 billion over five years and \$109 billion over ten years.*

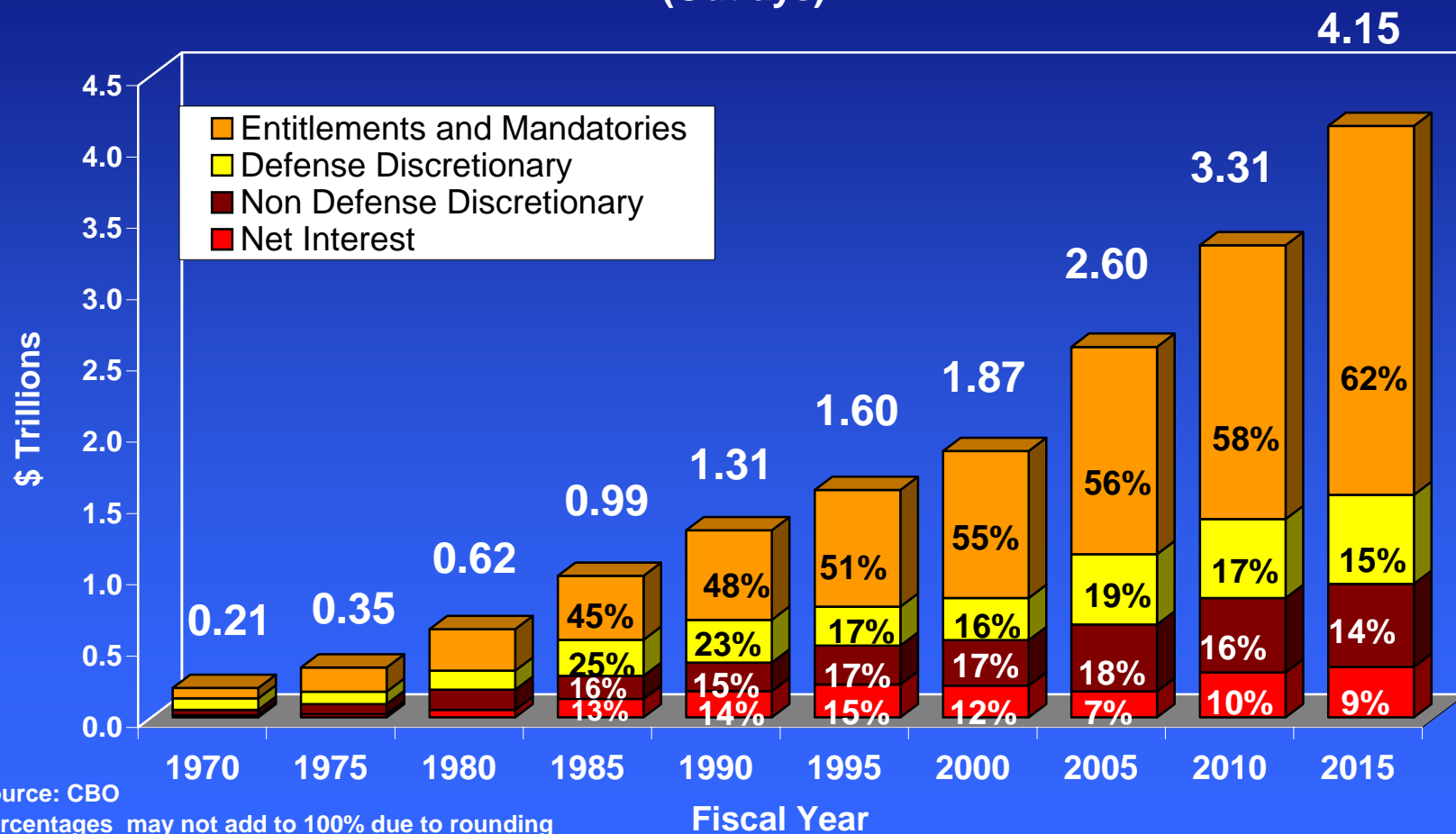
Fact: Under the 2006 Budget Resolution, the federal government is estimated to spend \$13.8 trillion over the next five years. The Deficit Reduction Bill seeks to reduce outlays by more than \$39 billion over that time period, *which is less than 0.3 percent of total federal spending.*

Fact: The last three enacted reconciliation bills in the 1990s included 2-3 times the amount of savings: in constant 2005 dollars, the 1990 bill cut mandatory spending by \$100 billion, the 1993 bill cut \$96 billion, and the 1997 bill cut \$118 billion, all over a five-year period.

Senate Budget Committee Chairman Judd Gregg:

"Spending is the problem. Simply put, we are spending a lot more than we are taking in, despite the fact that our tax receipts are growing stronger. And that is putting a serious strain on our economy down the road. Mandatory spending programs, which simply grow year after year on automatic pilot with no regular review by Congress, are threatening our future economic security, and putting our children and grandchildren at risk. We must find a way to slow the rate of growth of automatic spending to a level that is sustainable, given that the ratio of retirees to workers will be higher than ever before. The Deficit Reduction Act is a step in the right direction."

MAJOR COMPONENTS OF THE BUDGET (Outlays)



Source: CBO

Percentages may not add to 100% due to rounding

Total spending, assumes the CBO inflated baseline.